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IMMEDIATE DIRECTOR

SECTION 3 OF 3

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RYBAT

(*Requested detailed analysis and assessment
of GVN performance.)

REFS: A. DIRECTOR 79549 *

B. SAIGON 9460 (1162460)

1. REF B INTERIM REPLY TO REF A WAS PREPARED IN CONTEXT
OF WHAT WE CAN EXPECT, GIVEN REALITIES OF CURRENT GVN. IN THAT
CONTEXT, WHAT WOULD BE CONSIDERED LESS THAN ADEQUATE PERFORMANCE
UNDER NORMAL CONDITIONS MIGHT PASS FOR MARGINAL IN THIS EMERGENCY.

IN THIS MORE DETAILED ANALYSIS, WE ARE TAKING HARDER-NOSED LOOK
AT SITUATION, IN BELIEF THAT EMERGENCY CONDITIONS REQUIRE EMERGENCY
SOLUTIONS. WE HAD FOCUSED PREVIOUSLY ON MERE SURVIVAL OF THE

GVN AS THE IMMEDIATE AND MOST PRESSING INTERIM PROBLEM; WE HAVE
SINCE CONCLUDED THAT IT MUST NOT MERELY SURVIVE BUT MUST ACTUALLY
BECOME STRONGER THAN BEFORE THE CRISIS IF WE ARE TO ATTAIN WHAT
WE ASSUME TO BE OUR FUNDAMENTAL OBJECTIVES. OUR OBJECTIVES
WOULD SEEM TO REQUIRE THAT WE NOT MERELY CONTAIN THE
ENEMY THREAT, BUT THAT IT BE THROWN BACK. FOR THESE REASONS, ONE
OF THIS RESPONSE DIFFERS SUBSTANTIALLY FROM REF B.

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2. GVN PERFORMANCE SINCE TET HAS BEEN LESS THAN MARGINAL IN THIS CONTEXT. SINE QUA NON FOR ADEQUATE PERFORMANCE IS EFFECTIVE RESOLUTION OF THIEU-KY PROBLEM, WHICH IS ADVERSELY AFFECTING ALMOST EVERY OTHER PROBLEM REQUIRING SOLUTION AT THIS TIME. THIEU-KY RELATIONSHIP NEVER VERY GOOD, SEEMS TO BE DETERIORATING, AND WE ARE NOT SANGUINE THAT THE BREACH WILL BE HEALED WITHOUT SERIOUS CONSEQUENCES. THIEU HAS NO POWER BASE EXCEPT FOR PRESIDENTIAL AUTHORITY DERIVED FROM CONSTITUTION AND U.S. BACKING THEREFOR. HIS NORMALLY CAUTIOUS, CONSERVATIVE STYLE IS AGGRAVATED BY HIS LACK OF REAL POWER AND HIS FEAR OF POTENTIAL THREATS TO HIS POSITION. KY, ON THE OTHER HAND, ENJOYS THE SYMPATHY OF MOST SENIOR AND MIDDLE RANKING OFFICERS, WHO ARE FRUSTRATED AND IMPATIENT WITH THE LACK OF FORCEFUL LEADERSHIP BY THE GVN. THIEU NOW CHARGES KY AND HIS BACKERS WITH DELIBERATELY ATTEMPTING TO EMBARRASS HIM AS PRESIDENT, DISRESPECT HIS REGIME, AND TO SQUEEZE HIM OUT, IMPUTING TO THEM MALEVOLENT MOTIVES--THRST FOR POWER AND FOR INCREASED OPPORTUNITIES FOR CORRUPTION. THE PR GROUP, HOWEVER, DECRIMES THIEU'S FAILURE TO RESPOND EFFECTIVELY TO THE CHALLENGE OF THE EMERGENCY, IMPLYING THAT CONTINUED DRIFT, INDECISION, AND FAILURE TO IMPLEMENT ESSENTIAL REFORMS WILL LEAD TO COLLAPSE OF GVN IN FACE OF ENEMY THREAT. UNLESS

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THIS FRICITION IS RESOLVED, KY FORCES MIGHT POSSIBLY ATTEMPT OR SUCCEED IN AN EFFORT TO UNSEAT THIEU BY ONE MEANS OR ANOTHER UNLESS CONSIDERABLE U.S. PRESSURE IS BROUGHT TO BEAR TO FORESTALL THIS MOVE.

3. NONE OF THE POTENTIAL OPTIONS OPEN FOR US FOR RESOLVING THE PROBLEM IS WHOLLY SATISFACTORY, EACH OFFERS DISTINCT DISADVANTAGES. IF WE BACK THIEU AND CONSTITUTIONALISM, AND DEMAND THAT KY AND HIS FOLLOWERS SUBORDINATE THEIR AMBITIONS OR BE REMOVED, WE MAY BE FACED WITH CONTINUED CAUTION AND INDECISIVENESS BY THIEU, AND LOSE THE SERVICES OF SOME OF THE MORE DYNAMIC AND CAPABLE ELEMENTS OF THE MILITARY AND CIVILIAN LEADERSHIP OF THE GVN. IF WE PRESS FOR A CONFRONTATION BETWEEN THE TWO, IN HOPES THAT THEY CAN WORK OUT A HARMONIOUS RELATIONSHIP, THIEU MIGHT REMAIN IN CHARGE, AND THE FRICITIONS WOULD REMAIN ONLY TEMPORARILY BELOW THE SURFACE; THE CONSTITUTION SIMPLY DOES NOT ALLOW FOR AN EFFECTIVE DIVISION OF RESPONSIBILITY BETWEEN THE TWO. ANOTHER POSSIBILITY WOULD BE FOR AN AGREEMENT FOR THIEU TO RETAIN HIS TITLE BUT NOT HIS AUTHORITY, WITH KY ASSUMING DE FACTO LEADERSHIP. THIS WOULD BE DIFFICULT TO CONCEAL, HOWEVER, AND WOULD MAKE A SHAM OF THE CONSTITUTION. THIEU COULD ALSO RESIGN "FOR REASONS OF HEALTH" WITH KY TAKING OVER AND WITH NO ELECTIONS REQUIRED DURING THIS "EMERGENCY PERIOD". A

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VARIENT WOULD BE TO SEEK A CONSTITUTIONAL AMENDMENT ALLOWING THE VICE PRESIDENT TO FUNCTION AS PRIME MINISTER, OR FOR KY TO RESIGN AS VICE PRESIDENT AND BE APPOINTED AS PRIME MINISTER, WITH THIEU AGREEING THAT KY WOULD HAVE FULL EXECUTIVE POWER. THIS MIGHT BE POLITICALLY FEASIBLE, BUT THIEU COULD STILL CREATE PROBLEMS IF HE FELT INCLINED. A FINAL ALTERNATIVE IS TO LET KY AND HIS FOLLOWERS MAKE THEIR MOVE, AND ACCEPT THE CONSEQUENCES. AS INDICATED ABOVE, CONSIDERABLE U.S. PRESSURE MAY BE REQUIRED TO PREVENT THIS AS WELL AS TO RESOLVE THE THIEU-KY PROBLEM BY THESE OTHER MOVES DESCRIBED ABOVE.

4. IF CAN BE ARGUED THAT OUR COMMITMENT TO THE CONSTITUTIONAL DEVELOPMENT AND ELECTORAL PROCESSES LAST YEAR LEAVES US NO CREDIBLE ALTERNATIVE THAN TO SUPPORT THIEU, ATTEMPT TO ACHIEVE A MODUS VIVENDI WHICH HARNESSES THE KY GROUP, AND ACCEPT THE FRUSTRATIONS OF THIEU'S CAUTIOUS LEADERSHIP STYLE AND A MARGINAL PERFORMANCE BY THE GVN; MARGINAL BECAUSE THERE WOULD BE LITTLE ENTHUSIASM FOR THIS FORMULA AMONG KY'S FOLLOWERS WHO INCLUDE THOSE MILITARY LEADERS WHO MUST IMPLEMENT THE VARIOUS PROGRAMS ESSENTIAL TO THE CURRENT EMERGENCY. IF OUR OBJECTIVES REQUIRE OPTIMUM GVN PERFORMANCE AT WHATEVER POLITICAL COST, THEN WE

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CAN CHOOSE FROM AMONG THOSE OPTIONS WHICH TRANSFER DE FACTO AUTHORITY TO THE KY FACTION, AND HOPE FOR THE BEST.

5. RALLYING NON-COMMUNIST ELEMENTS. THIEU QUITE OBVIOUSLY IS UNWILLING TO COMMIT HIMSELF TO GENERAL DON'S POLITICAL FRONT. HE REGARDS THIS APPROACH TO RALLYING SUPPORT TO BE SHALLOW AND INEFFECTIVE. HE ALSO APPARENTLY IS DISTRUSTFUL OF HIS ABILITY TO CONTROL THE FRONT. ALTHOUGH HE HAS SAID HE WILL PERMIT THE FRONT TO EXIST, HE APPARENTLY WILL CONTINUE HIS UNILATERAL EFFORTS TOWARD A GRADUAL APPROACH TO THE DEVELOPMENT OF A VIABLE POLITICAL MECHANISM. THESE EFFORTS WILL HINDER THE EFFECTIVENESS OF DON'S FRONT. THIEU CANDIDLY ADMITS THAT HIS OWN EFFORTS CANNOT SUCCEED WITHOUT FINANCIAL SUPPORT, AND APPARENTLY THIEU WOULD ACCEPT U.S. FUNDS. IF WE CHOOSE TO BACK THIEU AGAINST THE KY FACTION, OUR LOGICAL COURSE WOULD BE TO FUND THIEU'S POLITICAL ACTIVITIES, THUS COMMITTING OURSELVES MORE FIRMLY AGAINST THE KY GROUP. THIS ARRANGEMENT MIGHT PROVIDE US WITH USEFUL LEVERAGE ON THIEU SHOULD NEGOTIATIONS DEVELOP. OUR SUPPORT FOR THIEU MIGHT ENHANCE HIS ABILITY TO COALESCE VARIOUS RELIGIOUS AND POLITICAL GROUPS IN HIS SUPPORT.

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THESE ADVANTAGES MUST BE WEIGHED, HOWEVER, AGAINST THE VARIOUS
FACTORS CITED IN THE DISCUSSION ABOVE ON THE DISADVANTAGES OF
ALIENATING THE MANAGERIAL TALENTS OF THE KY GROUP.

6. IN EITHER EVENT, WHETHER WE OPT FOR THE KY-DON FRONT
OR FOR THIEU'S CONCEPT, WE SHOULD NOT LIMIT OUR ATTENTION TO THE
SAIGON LEVEL, BUT SHOULD SEEK TO FOSTER DEVELOPMENT OF LOCAL
POLITICAL ORGANIZATIONS IN THE PROVINCES AFFILIATED WITH THE
NATIONAL ORGANIZATION. WE SHOULD ENCOURAGE THE POLITICAL ORGANIZA-
TIONS TO ENGAGE NOT ONLY IN PSYCHOLOGICAL AND RELIEF ACTIVITIES,
BUT ALSO IN CIVIL DEFENSE AND RELATED ACTIVITIES AIMED AT ENGAGING
THE PEOPLE IN ACTIONS ON BEHALF OF THE COMMON CAUSE. THE CIVIL
(OR SELF) DEFENSE PROGRAM IS AMONG THOSE SUFFERING FROM THE LACK
OF DIRECTION BY THE GVN. IT SEEMS TO BE TAKING VARIOUS FORMS,
AND TO BE IMPLEMENTED VIGOROUSLY IN SOME LOCALES WHILE IT FOUNDERS
IN CONFUSION AND BUREAUCRATIC SNARLS IN OTHERS. GENERALLY, THE
PERFORMANCE IN THIS CRITICAL AREA THUS FAR HAS BEEN LESS THAN
MARGINAL, AND SEEMS DESTINED TO REMAIN SO UNTIL THE THIEU-KY
PROBLEM IS RESOLVED.

7. ROLE OF PROVINCE CHIEF. THIEU HAS TAKEN LONG-
DELAYED STEPS TOWARD RESOLVING THIS PROBLEM BY REDUCING THE POWER

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OF CORPS DELEGATES AND DECREING THAT PROVINCE CHIEFS WILL REPORT DIRECTLY TO MINISTRY OF INTERIOR ON ADMINISTRATIVE MATTERS. IMPLEMENTATION OF THESE DECISIONS IS PENDING PROMULGATION OF DETAILED INSTRUCTIONS FROM THE MINISTRY AND FROM THE PRIME MINISTER. THE MILITARY POSITION OF THE PROVINCE CHIEF REMAINS ESSENTIALLY UNCHANGED PENDING PROMULGATION OF RVNAF REORGANIZATION ORDER, WHICH IS AWAITING THIEU'S DECISION. HIS FAILURE TO ACT ON THIS MATTER IS PRIME SOURCE OF DISCORD AMONG ARVN JUNIOR OFFICERS. THESE MATTERS ARE CRITICAL TO OUR OBJECTIVES, AND WILL REQUIRE FURTHER PRESSURE FROM THE U.S. MISSION.

8. RIGHT APPROACHES TO PACIFICATION AND SECURITY. VICE PRESIDENT KY IS CURRENTLY SURVEYING THIS PROBLEM AND WILL REPORT HIS FINDINGS AND RECOMMENDATIONS TO THIEU NEXT WEEK. MEANWHILE, MACCORDS IS PREPARING UNILATERAL CONCEPT FOR STANDARD APPLICATION THROUGHOUT THE COUNTRY, CONTRASTING WITH STATION PREFERENCE FOR FLEXIBLE APPROACH DEPENDING ON LOCAL CONDITIONS. GENERAL WESTMORELAND REPORTELY IS COMING TO CONCLUSION THAT PRESENT FORCES ARE NOT ADEQUATE BOTH TO INSURE PROTECTION OF CITIES AND RESTORE SECURITY TO FORMERLY PACIFIED AREAS. AGREED MISSION AND GVN POSITIONS PROBABLY WILL NOT BE REACHED FOR AT LEAST ANOTHER WEEK.

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OR SO. TIMING AND SCOPE OF RE-PACIFICATION EFFORT WILL DEPEND IN MANY AREAS ON ARVN MOBILIZATION OR U.S. TROOP REINFORCEMENT. IT SHOULD BE NOTED THAT THE STATION IS SERIOUSLY CONSIDERING THE NEED FOR A PERMANENT TYPE OCCUPATION OF HAMLETS IN RD AREAS BY THE RD CADRE AND THE POPULAR FORCES AND, WHERE FEASIBLE, HAMLET MILITIA. WE BELIEVE THE VC TET OFFENSIVE PROVED THAT IN WORKING IN AND THEN GOING ON TO THE NEXT HAMLET, WE WERE LEAVING BEHIND ONLY A LINE OF "STRAW HOUSES". WE HAVE CONCLUDED THAT THE PACIFICATION FORCES (RD, CG, AND PRU) SHOULD BE EMPLOYED WITH PRIMARY EMPHASIS ON SECURITY, INTELLIGENCE, AND EXPOSURE AND ELIMINATION OF VC INFRASTRUCTURE AS OPPOSED TO "DEVELOPMENT". THE EXCELLENT VC FIREPOWER DURING TET OFFENSIVE SHOWED US CLEARLY THAT IT IS INCUMBENT UPON US TO PROVIDE MORE EFFECTIVE FIREPOWER TO THE RD FORCES OF PACIFICATION AND TO THE TERRITORIAL SECURITY FORCES SCREENING THEM. STATION NOW WORKING OUT SPECIFIC RECOMMENDATIONS ALONG THESE LINES.

9. PERFORMANCE AND BEHAVIOR OF ARVN. MACV IS CURRENTLY PREPARING A SURVEY OF ARVN'S PERFORMANCE AND CURRENT CAPABILITIES, BUT IS UNWILLING COMMIT ITSELF ON THESE MATTERS IN INTERIM. VIRTUALLY ALL UNITS ARE UNDERSTRENGTH, MANY DOWN TO HALF OF NORMAL. WHILE SOME UNITS ARE NOW FIGHTING AGGRESSIVELY IN AREAS WHERE THEY HAVE

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U.S. TACTICAL SUPPORT, THOSE IN OTHER AREAS REMAIN IN A PASSIVE POSTURE. PROPOSED ACCELERATED MOBILIZATION PLAN--WHICH CALLS FOR TRAINING RECRUITS AT DIVISION AND REGIMENTAL SITES RATHER THAN IN CENTRAL TRAINING CENTERS--MUST BE IMPLEMENTED SOON TO RESTORE ARVN MORALE AND BRING UNITS TO FULL STRENGTH. UNTIL THEN ARVN'S PERFORMANCE GENERALLY WILL REMAIN LESS THAN MARGINAL IN THE CRITICAL FIGHTING AHEAD, AND ITS CAPABILITIES WILL REMAIN LIMITED. NEED HERE IS FOR QUICK AGREEMENT BETWEEN ARVN AND MACV ON ARMS REQUIREMENTS SO THAT MOBILIZATION CAN PROCEED.

10. GVN POSTURE RE NLF. ON BALANCE, GVN ATTITUDE TOWARD NLF IS GENERALLY ONE OF APPREHENSION. ALTHOUGH UNDERSTANDABLY UNWILLING TO ACCEPT COALITION WITH NLF WITHOUT FIRST HAVING ACHIEVED CERTAIN CONDITIONS PRECEDENT THERETO AS WELL AS DETERMINING PRECISELY WHAT COALITION WOULD ENTAIL, PRESIDENT THIEU IS NONTHELESS FORECASTING ENTERING INTO NEGOTIATIONS WITH THE COMMUNISTS IN 1968 OR EARLY 1969. HIS WILLINGNESS TO DO SO OF COURSE IMPLIES HIS ENTERING INTO NEGOTIATIONS FROM A POSITION OF STRENGTH, HAVING CLEARLY REGAINED THE MILITARY PSYCHOLOGICAL INITIATIVE FROM THE COMMUNISTS. HAVING ARRIVED AT THAT POINT, THERE IS A GOOD POSSIBILITY THE GVN WOULD BE PREPARED TO ACCEPT VERY LIMITED

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COMMUNIST PARTICIPATION IN COALITION PROVIDED VIET CONG WERE CLEARLY DEFEATED AND A VIABLE POLITICAL BASE FOR GVN OFFERED FAIR PROMISE OF CONTAINING THE COMMUNISTS AFTER SETTLEMENT.

III. THE ENEMY. INTENSIFIED BLACK PROPAGANDA OPERATIONS MIGHT SOW DISSENSION IN THE COMMUNIST CAMP. HARRASSING OPERATIONS AGAINST HO CHI MINH TRAIL IN LAOS AND AGAINST LOC'S IN NORTH VIETNAM WOULD DIVERT ENEMY FORCES TO PROTECTION OF LOC. SUCH ACTION WOULD HAVE ONLY NUISANCE VALUE, HOWEVER, WITH MAIN POTENTIAL ENEMY-ARMED LANDMINES BEING CONDEMNED AS OFFENSIVE. -MQWM OF THIEU-KY PROBLEM IN MANNER HARNESSING KY AND HIS FOLLOWERS EFFECTIVELY ON BEHALF OF GVN AND REVITALIZING LEADERSHIP AT ALL LEVELS; RAPID IMPLEMENTATION OF MILITARY MOBILIZATION TO RESTORE ARVN CONFIDENCE AND CAPABILITIES; PROTECTING SEATS OF GVN AUTHORITY AND KEY MILITARY INSTALLATIONS; EFFECTIVE RELIEF FOR REFUGEES (WHERE PERFORMANCE HAS BEEN MARGINAL); RALLYING POPULAR SUPPORT (WITH VIEW TO DEVELOPING VIABLE BASE FOR FUTURE); AND PREPARING TO REASSERT SECURITY IN FORMERLY PACIFIED AREAS. ALL OTHER OBJECTIVES AND PROGRAMS SHOULD REVERT TO LESSER IMPORTANCE IN COMPARISON WITH THESE.

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GIVE YOU A RANGE OF SPECULATIVE POSSIBILITIES AS BACKGROUND FOR

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LANKS CONVERSATION WITH KY AND QUITE REVELANT TO AN UNDERSTANDING
OF THIS CABLE.

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